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The best measure of value

Philadelphia

1877

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BY O. D. ASHLEY.

PHILADELPHIA:
RAILWAY WORLD, 423 WALNUT STREET
1877.

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THE BEST MEASURE OF VALUE:

A SERIES OF ARTICLES FROM THE

RAILWAY WORLD,

OF PHILADELPHIA,

BY O. D. ASHLEY.

PHILADELPHIA: 1877.

INTRODUCTORY NOTICE.

THESE articles, upon "*The Best Measure of Value*," which appeared in the RAILWAY WORLD during the months of July and August, have been published in pamphlet form at the suggestion of some of our subscribers, who desired to have the arguments in a more connected and convenient form.

The question discussed bids fair to attract a large share of public attention during the next six months, and these papers, perhaps, present the arguments as fairly and as impartially as they can be given by those who oppose the dual standard.

If they do not convince the advocates of silver re-monetization of the fallacy of their views, they may serve to modify them, and, at all events, to simplify the discussion, and to lessen its warmth and bitterness.

PUBLISHERS OF THE RAILWAY WORLD.

Philadelphia, October, 1877.

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THE BEST MEASURE OF VALUE.

CHAPTER I.

THE question of the remonetization of silver will, evidently, be one of the most prominent before the country during the next eight or ten months. This period includes the session of Congress until March 4th, 1878, before which date, it is probable, the financial policy of the country, in this respect, will be definitely settled.

A very respectable and influential body of men support the change of standard, claiming that the demonetization of silver in 1873 was not only unwise, but that it was sprung upon the nation without due notice of its importance, and without fair deliberation. They claim that if it had been generally understood that, prior to 1873, silver was a legal measure of value coequal with gold, at a fixed ratio, say as 16 to 1, and that it was intended in 1873 to make such a radical change, it would have met a very strong and perhaps successful opposition. It is claimed, also, by some of the advocates of the double standard, that such portion of the public debt as was contracted prior to 1873 is legally payable in gold or silver, principal and interest. Upon this point there is a radical difference of opinion even among the advocates of a double standard. Some of them, and especially some of the Western converts to the silver-money system, profess to believe that it is not only legal, but just and right, to pay our debts in silver coin, unless the debt was contracted after the act

of demonetization; while others, representing men of loyal instincts and broad intelligence, while advocating the adoption of the silver standard, for reasons which appear to them sound, would yet shrink from the idea of forcing bondholders to receive the principal or interest of a debt in silver, when they had, beyond question, been induced to believe that "payment in coin" meant gold coin and not silver. These gentlemen of loyal hearts and strict integrity know perfectly well under what circumstances and under what impressions the holders of the public debt bought their bonds, and they, consequently, hesitate to favor any measure which, in the slightest degree, seems to stipulate for payment in a depreciated money. It is not enough for them to know that the legal coin of the country was either gold or silver at the time of contracting the debt. They wish to know, also, whether the circumstances did not warrant the belief on the part of the buyers that the bonds, principal and interest, were payable in gold; and if so, whether it would not seem to be obtaining money under false pretences, to take shelter under laws which were not in fact in operation, or which had been rendered obsolete by changes in the coinage.

In this dilemma we find the advocates of the double and co-equal standard, and it is perhaps fortunate for the country that an issue of this character thrusts itself upon public attention. It enables us to treat the subject in a broad and comprehensive way,—looking at it not only as an economical but as a moral question, and it forces us to respect the views of men who are punctilious in all questions of financial integrity, however much we might differ with them in regard to the original points.

The RAILWAY WORLD has hitherto treated the advocates of the double standard with respect, and to some extent it has admitted the plausibility of their arguments. This was simply due to men of well-known ability and honest purpose, and in strict consonance with our ideas of the folly of arrogating to one's self the superiority which some political economists are

in the habit of claiming, quite conscious as we are that, in all of these complicated subjects, no human intellect can place itself on a pedestal of infallibility.

Having so treated the advocates of silver remonetization, perhaps the arguments we may advance on the subject will not be considered unworthy of reflection, and perhaps, too, as we purpose to devote several chapters to the question, and to take up in detail the theories of the most influential writers on the subject, it may be considered that we are seeking for the true principles which should regulate the monetary systems of advanced commercial nations, without regard to the wishes of those who seek temporary and delusive benefits, instead of substantial and permanent advantages.

It is not by ridicule that the advocates of duo-metallism should be met, but by a clear and logical review of the whole subject, and by such arguments as a thorough study of it may suggest. If they cannot be defeated in this way, they are likely to carry Congress and a majority of the people with them. The issue is distinctly before us. It cannot be avoided, and unless the friends of the single gold standard are prepared to show its absolute superiority under existing circumstances, the silver dollar will certainly be restored to its former position as a full, unlimited legal tender, and with unlimited coinage.

Secretary Sherman's idea seems to be that, while conceding the principle, it can be made practically inoperative by restrictive coinage laws, following somewhat the example of the countries of the Latin Union, which have found it necessary to limit the supply of silver coin, that the nations using a double standard may not be flooded with that metal to the exclusion of gold. The question already forced upon the Secretary in regard to the 4 per cent. loan, must satisfy him that there is great danger in trifling with the subject. If the country demands the double measure of value, it will certainly demand at the same time unlimited coinage for both silver and gold,—the argument in

favor of silver remonetization carrying free coinage in its train as surely as the tender goes with the engine to which it is coupled.

In succeeding chapters we propose to analyze the arguments of prominent writers and thinkers on this important question, and it will be a part of our plan, in examining the subject, to treat those with whom we may differ with respect and deference,—depending upon the strength of our position in a logical point of view, rather than upon the fact that a large majority of economical writers support mono-metallism.

In other words, we shall endeavor to avoid prejudice, and try to depend upon the strength of the reasons which can be brought to the support of the views offered.

CHAPTER II.

THE double standard, or measure of value in gold and silver, as coequal metals in coinage, seems to have been definitely established in this country in 1792, when Congress passed an act which contained the following section:—

And be it further enacted, That the proportional value of gold to silver, in all coins which shall by law be current as money within the United States, shall be as 15 to 1, according to quantity in weight in pure gold or pure silver. That is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments with one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

The silver dollar of this act, which was undervalued in gold, did not enter into general circulation as money, and its coinage was suspended in 1804, up to which time there had been only 1,439,517 pieces coined. No silver dollars were coined from that time until 1837. In 1834 an act of Congress increased the coining rate of gold 6.681 per centum,—which was simply a reduction in the weight of the gold coins. This change was intended to secure the circulation of gold, and there was consequently no reference to the silver coins, or to a proportional standard of silver and gold, as in the act of 1792. In January, 1837, an act of Congress altered the proportion of fine metal in the coins to nine-tenths, but the act of 1834 actually introduced the changed ratios of the gold and silver coins.

The undervaluation of silver led to its exportation, and the change money became very scarce. This inconvenience influenced the passage of an act of Congress in 1853 which demonetized the half dollar, quarter dollar, dime, and half dime, by a reduction of $7\frac{1}{100}$ per cent. of their weight, and a

limitation of their legal tender to \$5. Dr. Linderman, of the United States Mint, whose report of 1876 is one of the best on the subject of the double standard that we have seen, says: "The silver dollar was not referred to in this last act, and probably for the reason that it had never constituted any appreciable portion of the circulating medium." Gold thus became the principal money of coin payments after the year 1834, and so continued until 1873, when it became the legal standard by act of Congress of that date. For many years prior to that date gold was the coin recognized throughout the country as the monetary standard. The act of 1853, which demonetized silver coins, authorized their issue in exchange only for *gold* coins, and gold coins thus received were to be used in the purchase of silver bullion for coinage for fractional pieces. The silver dollar was wholly ignored by this act. The act of 1863 authorized the receipt of gold coin and gold bullion, for which certificates were to be issued redeemable in gold coin on demand. This act shows plainly that gold, and not silver obligations had to be provided for.

Governor Pollock, the Director of the Mint in 1861, refers to these coins in his report of that year, as follows: "The gold dollar in the United States, conforming in standard value and decimal character to all the gold and silver coinage of the country, except the silver dollar, *has been properly selected and should be retained as the standard of value for all foreign coins used or employed in commercial or government transactions with other nations.* The silver dollar of the United States, differing as it does in commercial and decimal value from the other silver coins of the country, cannot, without disturbing our decimal system and producing confusion in the relative value of our gold and silver coinage, be used as a standard."

Dr. Linderman follows up an allusion to the same report as follows: "Foreign exchanges have been adjusted for many years on a gold basis, and it cannot be ascertained that the silver dollar

ever entered to any extent into the fixing of international tariffs or in United States receipts and payments. Taking these facts into consideration, and notwithstanding the silver dollar occupied by law the position of an unlimited tender, it appears that the general understanding at home and abroad has been that the money of coin payments in this country since 1834 was *gold*, and that when the word *coin* was used in connection with the financial transactions of the Government, it meant *gold coin*."

This paragraph from Dr. Linderman's report contains the whole truth in a nutshell. Silver has been practically demonetized in this country for more than forty years, although by the strict letter of the law it was an unlimited legal tender until 1873. The duties of Government were collected in gold, the coupons of the public debt were paid in gold, and the principal of all bonds redeemed have been paid in gold. In point of fact, no one dreamed of claiming the full legal tender privilege for silver until it was brought up in recent discussions, and to most people it was a surprise to learn that silver had really possessed that quality by law, until the passage of the act of 1873. But now the advocates of the double standard bring up as an argument, in reference to the recent demonetization of silver, the idea that the act was passed without due consideration and without the knowledge of the people generally. There is no foundation for this statement so far as discussion in Congress could make it publicly known, but the truth is that people were indifferent in regard to the passage of the law, because they knew that gold had practically been the standard for years, and, therefore, understood the law of 1873 to be simply a confirmation of what commercial usage and convenience had long established. The measure was fully discussed in Congress, and met with no opposition. It was obvious to all that gold had been adopted as the real standard, and it was obvious to all, also, that an intelligent consideration of the laws of trade demanded the legal adoption of the gold standard by Government.

CHAPTER III.

UP to 1873, when silver was demonetized by law, except in sums of five dollars and under, its commercial value, as compared with gold, had rendered its circulation impossible. The silver dollar of 412½ grains was worth 101 $\frac{1}{10}$ % in gold in 1834, and from that year to 1873 commanded a premium in gold, varying from 1 to 5 per cent. The laws of trade compelled the practical abandonment of the silver standard, and the demonetization act of 1873 was but the legal establishment of a fixed fact. In the very year of demonetization the silver dollar was worth 100 $\frac{4}{10}$ % in gold. It was simply acknowledging that, by mercantile usage and popular sanction, gold had become the only real standard of value. With what propriety or consistency, then, can the advocates of a double standard claim that the act of demonetization was forced upon the country without due consideration, or that any injustice was done to debtors by legislation which established the measure of value in a metal which had been adopted by common consent.

The public debt created before 1873 was contracted when silver was at a premium in gold, and the legal tender coin of the country was declared to be gold, while silver still ruled at a premium. It is obvious, therefore, that the change, or rather the confirmation of gold as the standard coin was not in the interest of creditors, but a mere matter of public convenience, and it is obvious also, that the demonetization act could not have been opposed upon any tenable grounds. No one was foolish enough to insist upon retaining an obsolete measure of value, when its retention would have only given, at the time, an apparent privilege of paying in a coin legally undervalued. But in 1876 silver had declined in commercial value, so that a dollar of

412½ grains was worth in gold but 89 $\frac{3}{10}$ %, and it is suddenly discovered that the privilege of paying debts in this depreciated metal should not have been revoked. We are thus placed in the discreditable position of having assented to a change in 1873, which was advantageous to us as debtors, because silver was undervalued in gold, and now claiming a release from that voluntary compact, because silver is worth less than ninety cents on the dollar in gold. This method of dealing with the public debt, although strictly in conformity with the laws existing prior to 1873, can scarcely be satisfactory to those who reflect upon the subject. The mere fact that by the letter of the law, every debt contracted before 1873 is payable in gold or silver, at the option of the debtor, does not relieve us from the charge of having, by receipts of customs, and payments of principal and interest in gold, given the purchasers of our bonds to understand that gold would be the coin in which payment would be made.

Nor would it be sound financial policy to avail of such a legal right, even if its equity could be fully demonstrated. Neither at home nor abroad would such a policy be advantageous. In Europe it would be considered a sharp evasion of a promise implied by the previous treatment of debt, and at home it would be deemed an act of gross injustice, because every holder of the public funds had been led to believe that both principal and interest of his bonds would be paid in gold. If, in the years when silver was undervalued in gold, it had been made known that the Government would pay in silver or gold, at its option, it might not have been objectionable, and, at all events, there would have been no reasonable grounds of complaint; but to raise this question, and insist upon the right to pay in silver when that metal has fallen 5 or 6 per cent. below the greenback, would be certainly prejudicial to the credit of the nation and unworthy of a great people.

But however strong in numbers and influence the advocates of the bi-metallic standard are, it may be reasonably doubted

whether they will support any measures which would threaten the national credit, or which may imply bad faith in the administration of our finances. The trifling advantage of paying the interest of the public debt in silver, at its present commercial value, would but poorly compensate for the discredit which such a change would bring upon us, and before a large part of the principal could be paid silver might stand in relative commercial value higher than gold. The passage of any law to make the interest and principal of our debt, created after its enactment, payable in silver or gold at the option of Government, would probably render it impossible to convert five-twenty 6 per cent. bonds into 4 per cents, and foreign capital would be likely to avoid loans which could be paid in depreciated metallic money, discarded by the most advanced commercial nations of the world.

It may be anticipated, therefore, that the silver-money party will find it difficult to carry into effect any law which will interfere with the payment of gold on the public debt, and that, in order to unite upon measures to restore silver to its former position, they will gradually abandon the idea of applying the double standard to the obligations of Government. Many of those who have honestly supported the restoration of silver as a measure of value coequal with gold, not only because they believe it will assist in the work of resuming specie payments, but because they have conceived it to be just and equitable to pay the holders of Government bonds in either gold or silver, will retreat from this last position when they reflect upon the effect of such measures on the public credit. The effort will then probably be made to establish the double standard, with unlimited legal tender, except for the public debt, and unrestricted coinage for both metals. The great discussion and struggle will therefore be, we apprehend, upon the question thus narrowed down.

But to retreat at this point is to confess weakness at once. In the strict legal view of the question the bi-metallists are justified,

by the laws prior to 1873, in asserting the right of Government to pay the principal or interest of debt contracted prior to that date in gold or silver, and if they abandon that claim on the ground of expediency, or upon the score of an implied promise or understanding,—implied by constant, uninterrupted payment in gold, and by commercial usage,—upon what basis can an argument be founded to justify the payment of legal tender notes in silver against the will of those who hold them? The law of 1873 demonetized silver and made gold the legal tender coin of the country, and not only then, but from the date of their issue the legal tender notes have always been measured in value by the gold standard. Furthermore, by the resumption act of 1879, after gold had, by law, been made the metallic standard, these notes were made payable "in coin" on the 1st of January, 1879, and the coin thus specified is, beyond question, gold coin, and not silver.

How will the advocates of the double standard escape from this dilemma? It may be urged, with truth, that the bonds prior to 1873 were legally payable in gold or silver, and that the law of 1873 did not change the terms of the contract; but in the case of the legal tenders, Congress has specifically pledged the nation to redeem them in gold coin, because gold coin was at that time the only legal tender coin. At the present time the silver dollar of 412½ grains, which it is proposed to restore to its former position, is worth 90 cents in gold, while the legal tender is worth 95 cents in the same metal. If, then, the legal tenders, in violation of the promise of 1875, are to be redeemed in silver, it is a proposition to reduce their value from 95 cents to 90 cents. How will the people relish this proposition?

If discrimination is used in favor of the funded debt, and it will probably be found necessary to do so, it will be in accordance with those principles of equity which should govern an enlightened and progressive nation,—although advantage might be taken of the legal position, to insist upon payment in silver if

it seemed desirable to do so, but the faith of the nation is distinctly and clearly pledged to pay the legal tender notes in gold. What avenue of escape offers here? Before 1873 it could have been said that legal tender notes were redeemable in the legal metallic money of that time, which was silver as well as gold, but when by law silver was abandoned, and gold declared the coin of the country, and when following that act, Congress promised redemption in coin in 1879, it put upon record a promise that the legal tender notes should be redeemed in gold.

The subject is full of difficulty in some of its aspects, but there is not much room for argument on this point, for it is only a question of the right of Congress to offer a dollar worth 89 or 90 cents for one worth 100 cents. No cunning sophistry can evade this point.

Having now endeavored to show that it would be a great financial mistake, if not a great wrong, to apply old and practically extinct laws to our funded debt, and having, as we think, proved conclusively that the Government can redeem greenbacks only in gold, without a breach of faith, we propose to consider the desirability of the double standard, as well as its practicability.

CHAPTER IV.

IF the views of our valued correspondent, Mr. John A. Wright, should be adopted, further consideration of the metallic measure of value might well be deemed superfluous; for paper money, convertible into Government bonds at the option of the holder, would, in that case, banish gold and silver, except as articles of merchandise. It had not been our intention to discuss this point, because it seemed tolerably certain that a metallic basis would be adopted, and that the contest would be mainly confined to the question of metallic standards, that is, as to the continuance of the present gold standard, or a change of the law by which silver would be admitted to unlimited legal tender and unrestricted coinage coequally with gold. But in the course of his very able argument, which comes in opportunely to add interest to the discussion, Mr. Wright introduces points or propositions, which would conflict with the fundamental principles of the metallic basis, and it may be better to examine these premises in an argument of plausible conclusions, even if it interrupts the continuity of our chapters.

We object, then, to a paper currency which is convertible or interchangeable with Government bonds, and not convertible into specie on demand, because there is neither safety nor security in such a currency. There is no safety in such a measure of value, because there is no limit to its volume, and there is no security in it, because when its volume becomes a public burden, the security cannot be enforced. Mr. Wright would not have the volume of currency limited, evidently trusting to the laws of trade to expand or contract it, but most of the advocates of this kind of currency have found it necessary, in argument at least, to stipulate for a limitation.

Adopting Mr. Wright's idea, as we understand it, and allowing an unlimited issue of currency, according to the demand, what would be the consequence? The currency is not the only element of inflation, as Mr. Wright says,—but it is the basis of it, and all circulating credits of checks, &c., are founded on it; for whatever the basis of value may be, that basis supports all of the branching structure of credit, as certainly as the trunk supports the upper tree. If, then, inflation takes place, and the measure of value, which in this case is paper convertible into 3.65, seems inadequate to measure inflated values, what ensues? Why a demand for more currency, of course, because trade apparently demands it. And if trade seems to require it, why cannot the issue go on indefinitely?

The trouble in this matter is, that whether the volume of currency is limited or not, it is not, and cannot be, limited unalterably. Our laws are not like those of the Medes and Persians.

We, therefore, take issue with the advocates of a paper currency interconvertible, or convertible into Government bonds, just at this point. The currency thus created is dependent upon legislation, and that legislation depends upon a popular will, swayed by temporary circumstances. To a certain extent this currency is safe, but the limits of safety are reached when it becomes in any way burdensome to the people. If the amount of \$400,000,000 of currency seems insufficient, popular clamor will compel the issue of \$800,000,000, and so on, until we are carried to bankruptcy and repudiation. In 1873 the prominent merchants of New York entreated General Grant, at the Fifth Avenue Hotel, to reissue the \$44,000,000 of greenbacks which had been reserved, and much fault was found with the President and Secretary because they could not see their way legally to comply with the demand. In order to alleviate the trouble as much as possible, however, the Secretary purchased bonds and otherwise arranged payments, so that \$26,000,000 of these green-

backs were released. This act of relief has ever since been a reproach to the administration, but it is a striking illustration of the weakness of paper money as a standard of value. All experience, as shown by many pages of history, proves that a substitute for money, dependent for its value upon the government which issues it, is unstable and untrustworthy.

The "frequent suspension of specie payment and attempted resumption" in this country have not "deranged trade, destroyed confidence, &c.," as our friend asserts, and no one knows better than he that these events were but a consequence, and not a cause. Whoever, living, remembers the panics of 1837 and 1857, will not ascribe the troubles of those disastrous years to the suspension or resumption of specie payments, but to expansions in credit, overtrading, and excessive enterprise. But if there is any force in Mr. Wright's argument referring to the periods of suspension and resumption of specie payments, why was it that in 1873, not "sixteen," but twelve, years after the suspension of specie payments, we encountered the terrible crisis which even now holds us in its exhausting and stupefying embrace? Why was it that, after twelve years of freedom from the tyranny of the precious metals, we came upon a year of revulsion worse than anything before known, and frightful in its effects even now? No attempt had been made to resume specie payments, and an irredeemable paper currency was the legal tender and the standard of value throughout the land. If there is anything in the argument in favor of a paper currency, it ought to be shown here. It was not the suspension of specie payments which caused the trouble, evidently, but it might just as well have been ascribed to this as in 1857. The causes were clearly independent of the currency basis, and, at all events, that basis was not specie. Our friend says "the volume of the currency should be left unlimited;" to which proposition we do not object if it is convertible into coin, but if convertible into a security which is a creature of legislation, we object, because it

is not possible to say what the caprices of legislation may bring about.

To argue intelligently with our friend, we should find it necessary to go back to first principles, and we should desire to know why the precious metals, and especially silver and gold, were selected to represent a value in exchange. If there were any good reasons for their selection, the same reasons must prevail now, inasmuch as the most enlightened nations of the world use them. If the reasons are not good, then we should feel indebted to the modern school economists, who, against all experience, are willing to trust the standard of value to the mere legislation of a single nation.

The question presents itself in this form:—

Shall we, as a commercial nation, adopt a standard of value known and in use by the foremost commercial nations of the world, or shall we, separating ourselves from nations with which we have intimate trade relations, agree upon a standard of our own, which has no relation to that of other nations, and which has no exchangeable value with other nations? If we should feel entirely independent of other nations, and adopt a currency which would be independent of them, wherein shall we be benefited?

Twelve years of irredeemable currency, made legal tender by enactment, brought us to a crisis of unparalleled severity; but no demand for specie precipitated that crisis. What, then, produced the panic, and what has caused the distress since? And if twelve years of experience, with a legal tender currency not convertible into coin, but guaranteed by the Government, could not save us from the disasters of 1873, and the sad consequences in the years following to this date, why should superiority be claimed for it?

Mr. Wright thinks "it would be far better for the country to leave the whole question of the currency as it is than to disturb it," and also asserts that "the value of the greenback will

gradually come nearer to specie" if we leave the currency thus undisturbed. But suppose the effect of leaving the currency alone should be exactly the reverse of what is here asserted; what then? If, unfortunately, gold should rise rapidly, and the value of the greenback recede instead of coming nearer, would it not prove the do-nothing policy to be a great mistake? It is about as certain as anything in the future can be, however, that the greenback will at once begin to depreciate, as measured by gold, whenever resumption is postponed.

We have not space to follow Mr. Wright's clever but, as we think, unsound reasoning. With much that he says, and especially in the preference he gives to gold, as a standard, over silver, we agree, but the web which he weaves has so many weak and uneven threads that it will not, in our judgment, stand the strain of a thorough investigation.

CHAPTER V.

IT is constantly asserted by those who advocate the use of both gold and silver as measures of value, that there is not gold enough in the world to supply the nations which propose to adopt this metal as the only standard of value. Hence they claim that the attempt to resume coin payment in gold on the first of January, 1879, must be a failure. But if silver is remonetized, it is assumed by these advocates of the bi-metallic currency that the work of resumption will be easy. These are the arguments of Senator Jones and others of that school of economists. Upon what are these assertions founded? Since the discovery of gold in California and Australia, dating from 1848 and 1852, the production of the world has been in gold \$3,214,000,000, and in silver \$1,367,000,000. If, therefore, production is to be considered, we find that gold has been furnished to the value of nearly two and a half times that of silver, and it is self-evident that if one metal is to be the standard, that metal should be gold. Furthermore, we know perfectly well, that while a very large proportion of the silver product has been exported to the east, the great bulk of the gold has remained with the countries of the occident. In view of this enormous addition to the stock of gold within the last twenty-five years, why should the bi-metallists claim that the amount of gold in the world is insufficient to serve the nations which are gradually discarding silver and adopting the more convenient and more valuable metal. There is nothing to justify such claims or assertions, but, on the contrary, it is certain that the conditions are highly favorable to a successful introduction of the single gold standard in all Europe and the United States, to the exclusion of silver except as a token currency. Gold has been the only standard

in England for many years, and practically it was the only standard here from 1834 to 1861. It has gradually displaced silver in France, and is in process of adoption in Germany, and no obstacle whatever has opposed the change from silver to gold, except the depreciation in silver, and consequent loss to the nations in making the exchange. Prior to 1848, the date of the California discoveries, it might have been claimed with some show of reason, that the gold supply would have been inadequate to ensure its successful adoption as the only measure of value, except by an increase of its purchasing power, but if the supply was adequate for the nations which used gold before that time, it is ample now, according to the statistics of supply and demand. It is, therefore, in our judgment, mere assumption to state in such confident terms that there is not gold enough in the world to supply Europe and America, if that metal is adopted by every country of the three continents. If there is any proof to the contrary, we should be glad to see it.

But this random assertion is only made to strengthen the argument in favor of using the two metals as coequal measures of value. It is not contended by the bi-metallists that silver would be preferable to gold if a single standard is adopted, but the idea conveyed is that the two metals can circulate at an established ratio of value together, and, therefore, that this country will be benefited by such an arrangement, and that the task of resumption will thereby be made easy. Now, if we establish the fact that the two metals cannot thus remain in circulation together, but that, however we may legislate, the result will be to give the country but one metallic standard, the entire structure of this argument will topple down. This we propose to do, but meantime, if it is admitted that it is possible to procure gold enough to resume coin payment in that metal, what would be the special advantage of using silver as a legal tender coin? If there is gold enough, and silver has a market

value, why can we not sell silver and buy gold? We cannot supply the Treasury with silver without paying for it at its full market value, and we fail to see any gain to the country in such a transaction. The price of silver might advance, and the miners would obtain larger profits, but what would the country gain? Every ounce of silver produced in this country can be sold at its full market value and turned into gold, and the very means we use to buy silver will quite as readily command the gold. If this is true, why is it at all desirable, even if it is practicable, to adopt the double standard? Is it not as easy to buy gold as to buy silver? or shall we conclude that the Nevada mines will pour their silver product into the mint for the benefit of the people and without cost to them?

The radical error which the bi-metallists constantly make is in assuming the possibility of maintaining the two metals coequally as measures of value, and all of their arguments are founded upon this thoroughly exploded idea. Consequently, we see men of high respectability, and much intelligence in other matters, gravely supporting a theory which cannot be sustained an hour against the evidences which investigation will develop. This country produces a large amount of silver; why not, then, avail of it to facilitate resumption? they ask; but they have not stopped to inquire whether it would be possible to keep both gold and silver in circulation, and if they find, upon investigation, that the maintenance of the two metals as coequal standards is impracticable, they ought, then, to tell us why silver should be preferred to gold. If one metal will be displaced by the other, is there any good reason why silver should be selected as the favorite? If it can be demonstrated that bi-metallism is impracticable, it will not be claimed that a single standard of silver is more desirable than one of gold, and this point needs no argument. Gold, for many reasons, well known to the world, must be admitted to be the most desirable of the two metals as a measure of value, if one of

the two must be selected, and it is then only necessary to show that the two measures of value are impossible under any conditions likely to exist, in order to bring the generally clear intellects which have wandered in paths lighted by an *ignis fatuus* of reasoning, back to a strong and substantial platform.

It is frequently urged that France offers an example of the successful use of the double standard, but it is not true that France, or any other nation in Europe, allows an unrestricted coinage of the two metals, and therefore there is no force in the argument. The silver coinage of France, Italy, Belgium, and Switzerland, which had been increased from 120 millions of francs in 1874 to 150 millions in 1875, was reduced to 108 millions for the year 1876. That is, four of the principal countries of the Latin Union were restricted to a coinage of less than \$22,000,000 in silver. If this proves anything, it proves that these bi-metallic nations were unwilling to adopt the feature of the double standard which is advocated in this country, viz.: unrestricted coinage, because it was quite evident that it would displace gold.

It is not a question of whether it might not be desirable to use the two metals as money under such coinage restrictions as would limit the use of silver, but whether they can be safely admitted as coequal measures of value with equal mint facilities. Experience proves that the cheaper will displace the more valuable metal, because legislation cannot fix an unalterable relative value, and therefore that to adopt a double measure of value which commercial law will reduce to a single one, is to try a foolish and useless experiment.

CHAPTER VI.

IN 1874 Senator Jones, of Nevada, made an excellent speech on the financial question, in which he says, in support of resumption:—

"When the people knew that gold was to be the currency of the country at any stated time, each man would have his little amount of gold, and it would flow into the country in a thousand Pactolian streams. There would be no doubt about it. The people would be ready. Gold will be found all over this country when you do not banish it; when you permit it to circulate; when you give it its true function."

Since the utterance of these sensible words, the Nevada senator has become prominent as a leader of the bi-metallists, and has recorded among his public declarations the statement that there is not gold enough in the world to perform the functions of a single standard of value. What has caused such a remarkable change in the views of the senator? Surely the statistics of the gold product of the world during the last twenty-eight years do not furnish reasons for his recent opinions.

Furthermore, the senator has asserted with singular confidence that the total amount of gold and silver in the world is but \$5,700,000,000, of which, he says, "nearly one-half is in silver." Now, if in twenty-eight years the world has produced \$3,214,000,000 in gold, and \$1,367,000,000 in silver, an aggregate of \$4,581,000,000, it would follow that in the senator's estimate there was less than \$1,200,000,000 of both metals left of the product of more than two thousand years prior to the marvelous discoveries in California and Australia. It may be reasonably doubted whether any other economist of note can be found who would venture to make such a loose estimate.

But the senator also estimates that of this \$5,700,000,000 the amount of \$3,600,000,000 is held in Europe, America, and the occidental world, of which \$2,000,000,000 is in gold and \$1,600,000,000 in silver. Now, if the senator is correct in this allotment, and if the result of the adoption of the double standard would be the establishment of a single standard of the metal overvalued in the ratio fixed by law, to the exclusion of the other, there is more gold at command than silver, and it is difficult to see what we should gain in the long run by taking the chances of losing gold and replacing it with silver. Senator Jones, however, and many others who are urging the use of the two metals, insist upon the possibility of keeping both in circulation by fixing a legal relative valuation.

M. Henri Cernushi, the French economist, whose arguments had so much influence during his recent visit to this country, does not claim that gold and silver can remain permanently in circulation together, unless the double standard is generally adopted in Europe and America, but he argues in favor of bi-metallism to be established by the co-operation of all countries. What he calls "mischievous mono-metallism" "cannot," he says, "be abandoned without establishing universal bi-metallism." He considers it necessary for the United States, in order to resume specie payments, "to rehabilitate silver, give the silver dollar the same value as the gold dollar, then accept silver at the custom houses, and be able to pay their European bondholders in silver dollars. *To enable this plan, however, to be adopted, it is first of all necessary to be sure that Europe will become bi-metallistic.*" M. Cernushi admits the impossibility of the double measure of value without the co-operation of other nations, but the enthusiastic bi-metallists in this country propose to be independent, and seem to expect to keep the two metals in circulation at an established ratio of valuation, in violation of commercial laws and in contradiction with all experience. If the double standard is to be of any advantage, it will surely

develop itself to us in the plans which are proposed to keep the two metals in use as money; but if, as M. Cernushi admits, it is impossible to do this without the co-operation of other nations: what folly it would be for the United States, as one nation out of those which claim to lead in commerce and trade, to arrogate to itself a superiority in economical matters, and in violation of fundamental laws, attempt to keep coin in circulation, which commercial valuation will drive away.

M. Cernushi's argument is this: If nations will co-operate, not only in adopting the two metals, but at the same relative valuation, say as 1 to 15½, there will be no change in the commercial value, as both metals will be legal tender at the established ratio, and as there will be no demand except at the rates thus fixed, no one will want gold at any higher price, nor give any less for silver. If, then, the valuation is the same in the leading commercial nations, why would not the two metals remain in circulation? Who would want silver for gold, or gold for silver, if the legal valuation was the same.

If this is correct, there is certainly no reason why the leading nations could not fix the relative value of the two metals at 1 to 10 or even 1 to 1; but the truth is that if, for any reason, the laws of supply and demand fix the ratio above or below that established by law, nothing could prevent the hoarding of the metal which was undervalued by the law, because it is not law which determines the value of the one metal as compared with the other. If gold became more scarce in consequence of a diminution of the world's product, it would be utterly impossible to prevent its advance in commercial value as compared with silver. Whoever had gold and silver would pay debts in silver and keep gold, because an ounce of that metal would be worth more than 15½ ounces of silver, for other uses than that of money. The law might decree that one bushel of wheat should be equal in value to three bushels of corn, and a legal tender in that ratio; but if corn should become scarce in consequence

of crop failure, and therefore be valued at a higher rate by the producers and consumers, the legal ratio could not be maintained.

It is doubtless true, if Cernushi's views could be carried out to the extent of enlisting the principal nations, that gold and silver could be kept longer in circulation, and, perhaps, for many years, but just as soon as the cost of procuring one metal materially exceeded that of the other, so as to make it evident that the legal ratio was erroneous, the undervalued metal would find employment in other channels. If the producers of gold found that it cost as much to get one pound of gold, as 16, 17, or 18 pounds of silver, they certainly would not part with a pound of gold for 15½ pounds of silver. Legislation can determine the weight and fineness of the precious metals in certain coins used as the legal standard of value, but it has no power to establish any permanent relative value between the metals. This is too plain to require much argument.

Cernushi, however, as we have shown, does not pretend that bi-metallism is practicable except by the co-operative action of some or all of the great commercial nations, but it is advocated by many here, and especially at the west, without the condition which the clever French economist thinks indispensable to success. While this champion of the double standard admits that the two metals cannot be kept in existence as co-equal measures of value with unrestricted coinage, unless other nations adopt the same standard and the same ratio of value, and while all economists of distinction in the world, including M. Wolowski, one of the ablest of the advocates of the two measures of value living, have acknowledged the impossibility of fixing a permanent relative value of the two metals by law, the silver party in this country insists upon urging the advantages of a double measure of value, which must of necessity become impracticable, because legislation cannot regulate the matter.

CHAPTER VII.

WOLOWSKI, whose writings in favor of the use of both gold and silver as money, have attracted more attention of late years than those of any of the professional economists who advocate bi-metallism, does not claim that a double standard of value is practicable. He admits that the metal which is undervalued by law, as compared with the commercial valuation, will disappear and be replaced by the cheaper metal, but he argues that this is not objectionable, because in the course of time the equilibrium of value will be restored, and the metal thus displaced will return to circulation. He calls this not a double but an "alternate" standard. If silver drives gold out of circulation, it will, in its turn, displace gold, according to the changes in commercial valuation, and we should thus have silver and then gold as the measure of value, without inconvenience and without loss to any one. Like Cernushi, he thinks it essential to success that the principal nations of Europe and North America should adopt the same standard, because he sees the impracticability of attempting to use both metals, except by general co-operation. Cernushi seems to think that with a co-operative union both metals can be kept in circulation, notwithstanding the overwhelming evidences against such a proposition, but Wolowski recognizes its impossibility, and accepting the fact as established, that one metal will displace the other, claims great advantage for the world in the alternate use of gold and silver, according to the commercial fluctuations in relative value.

Wolowski is undoubtedly more nearly right in his theory of alternation of standards in case gold and silver should be adopted as coequal measures, and if the principal commercial

nations should co-operate, it is probable that the alternations would be less frequent, but if the first change should be to substitute the cumbrous and inconvenient silver for the more valuable, compact, and convenient gold, to remain as the only metallic standard in practical use for many years, would it not inflict upon the present generation, and perhaps the next, an awkward and clumsy system? Now, the only argument in favor of using both metals as measures of value which has any force, is that which assumes that both can be kept in circulation. The mono-metallists are constantly accused of adopting measures to banish silver from use as money, and by thus prohibiting its use, raising the value or purchasing power of gold to the prejudice or injury of debtors, and to the detriment of the laboring classes. Cernushi, therefore, proposes to give us both standards, but the eminent scholar, Wolowski, who is also in favor of both metals, says that they will alternately be the standards, and Wolowski is right, if the conditions favor alternation, but wrong if the changes in the relative commercial value of the two metals become permanent. That is to say, if gold should be undervalued, as compared with silver, and disappear from circulation, as Wolowski admits, silver will be the standard, but when that metal will, in its turn, be undervalued and give place to gold, no human being can predict. It is of course possible that gold may be produced in greater abundance, and it is possible also that the silver mines may become less productive, but it is equally possible that the supply of silver may increase and that of gold diminish. In this last case gold would not return, unless the legal ratio was altered to correspond with the relative commercial value.

Wolowski's alternative standard would then be so dubiously alternative as to establish practically a single standard. Would it be desirable to run the risk of such a result? Let us take a case in point. The United States had, by legal enactment, the

double standard from 1834 to 1873,—from 1792 in point of fact, but we take 1834 as the date when Congress attempted to fix the relative value of the two metals in more strict accordance with the commercial value, and during this period of about forty years silver, having been undervalued as compared with gold, disappeared from circulation, except as a subsidiary coin. Gold was the real standard of value during this period. In 1874 silver began to decline, the average price during that year being 58 $\frac{2}{3}$ d. per ounce, according to the British standard, or 98 $\frac{4}{10}$ for the dollar of 412 $\frac{1}{2}$ grains, a relative value of 1 in gold to 16.17 in silver. At this point, then, Wolowski's alternative standard would begin its operations, and our gold would be running out and the silver running in. If the metallic standards had been in use during the last three years, Wolowski's alternation would have deprived us of gold and given us silver, and when the next alternation would come human foresight could not determine.

Alternations like these would be intolerable, and every alternation would be a loss, because the nation which sells gold or silver at less than its commercial value must make an actual loss of the difference at the time, and every nation which buys, at the next alternation, gold or silver at a higher rate than it is valued by other nations, must lose again in the change. Nothing can be more simple nor more certain than this. If we sell wheat at less than its commercial value for corn at its full value, we get less corn than the wheat should purchase; and again, if we buy wheat at a higher price than its commercial value, and pay for it in corn at its full value, we sell corn at a loss, because we get less wheat for it than we are entitled to. The alternative standard would subject us to precisely the same losses in gold and silver. It is difficult to see how it could be otherwise.

Hertzka, the distinguished Austrian economist, whose examination of the theories of Cernushi and Wolowski is thor-

ough, complete, and conclusive, thus sums up the argument:—

"A country with a single standard wins, through its creditor class, when its money appreciates, and loses through the same when its money depreciates. The fluctuations of the other metals do not affect it at all directly. The double-standard country does not win at all, unless it be through its brokers, and they must share their gains with all the world. It loses, on the other hand, the same as the countries with single standard when either metal falls. That this loss must be the same as in the countries with single standard is due to the fact that, although the money of the double-standard country consists, by the theory, in part only of the falling metal, and in part of the one which is unchanged, the brokers carry on the exchange as long as there is any profit or any metal to exchange, and so, after a time, the money of the double-standard country consists only of the fallen metal. The double-standard country, therefore, has no chance of gain, and twice the chance of loss which a single-standard country has; so that, if we could assume that the chances of variation were equal for either metal, and equally likely to be equal in degree, it would follow that the double-standard country would be four times as badly off as the single-standard country."

But let us not forget that both M. Cernushi, who thinks the two metals can be kept in circulation, and M. Wolowski, who thinks they will circulate alternately, insist upon the adoption of the two standards by the principal commercial nations, as absolutely necessary to success. These gentlemen understand perfectly well that, unless this co-operation can be secured, it would be very unwise to adopt the double standard. If they are right, this country cannot remonetize silver with safety, until other leading nations adopt the two metals. Is there any reason to believe that such co-operation can be secured? Not at all. The chances are altogether against it. Great Britain has tried

the single standard of gold for many years, and will not change. Germany has just demonetized silver, after a thorough consideration of the question, while France and the other nations of the Latin Union have practically abandoned the double standard, by restricting the annual coinage of silver. Even if the views of the bi-metallists should ultimately prevail, it would require many years of consideration before the most enlightened of the commercial nations could be induced to accept an alternate standard of gold and silver for the single standard of gold. The whole drift of intelligent public opinion in Europe is in favor of the single gold standard, and the influences would be powerful indeed which could turn the current in favor of the double standard of M. Cernushi or the alternate standard of M. Wolowski.

Are the bi-metallists of the United States prepared to adopt the two standards without the co-operation of other nations? Can it be of any possible advantage to this country to remonetize silver to the exclusion of gold? If, in reply, it is said that the proposition is to retain both metals, and neither to exclude gold nor silver, it should be demonstrated clearly, that both metals can be kept in circulation, notwithstanding the views of two of their most distinguished leaders, whose opinions we have quoted. If they cannot prove this beyond dispute, it will be difficult to show wherein we are to profit by the use of the two metals. Upon this question the whole matter rests, for no man, whose opinions are of any value, will be inclined to advocate measures which, proposing to give us the use of both gold and silver, end by compelling the use of one only, and that the most inconvenient and least valuable of the two.

CHAPTER VIII.

IT seems scarcely necessary to add anything to what has already been said in regard to the utter impossibility of maintaining two metallic measures of value. And yet the advocates of the remonetization of silver are constantly urging the measure, in order to give the country the use of both metals as a currency basis, thus assuming that gold and silver, with a relative value fixed by law, can and will circulate peacefully side by side, and thus enable us better to utilize the inferior metal, which is now so largely produced here.

Attracted by the idea of bringing silver to our aid, in the resumption of specie payments, and justifying the payment of the principal and interest of the public debt in silver, because silver was a legal tender as well as gold when the debt was created, some very estimable and intelligent men have given in their adhesion to the double standard, without giving the subject the thorough investigation it requires. If, upon examination, such men as Thurlow Weed and Peter Cooper should find that the remonetization of silver with unrestricted coinage, even at the relative valuation of 1 to 16, would drive gold out of circulation, and leave us practically with but one real standard, and that silver, it may be doubted if they would see any advantage in the measure which they now advocate. It is quite certain, however, that unless the relative valuation of the two metals should be changed to correspond to the commercial value, gold would rapidly disappear from circulation. Can there be any doubt of this? In 1873, when Congress passed the law demonetizing silver, the average price of that metal during the year was 59½d. per ounce, British standard, and the value of the silver dollar of 412½

grains was 100.46, or as 1 to 15.91 in relative value to gold. In 1874 the average price was 58 $\frac{1}{2}$ d. per ounce, or 98.86 for the dollar, and relatively 1 to 16.17. In 1875 it was 56 $\frac{3}{4}$ d., and relatively 1 to 16.36, and in 1876 and 1877 the average value has been about 53d. per ounce, or as 1 to 17.70. Now, the relative valuation fixed by France and the countries of the Latin Union is 1 to 15 $\frac{1}{2}$, and it therefore follows that silver must rise from 54d. per ounce, its present commercial value, to 60 $\frac{1}{2}$ d. per ounce to equalize the legal valuation of France with the commercial valuation, and to about 59d. to correspond with the former relative valuation of 1 to 16 of the United States. But the silver commission, of which Senator Jones is chairman, has recommended, according to the newspaper reports, a restoration of the silver standard at either 1 to 15 $\frac{1}{2}$ or 1 to 16, and we may assume that if silver is remonetized at all, it will not be valued at under 16 to 1 of gold. In this case it will be equivalent to the passage of a law requiring the people of the United States to make silver dollars, commercially valued at 90 cents, a legal tender coequally with the gold dollar, commercially valued at 100 cents.

Is there any man simple enough to suppose that people will exchange gold worth 100 cents for silver worth 90 cents? What then would happen? It would plainly be profitable to send gold out of the country to buy silver, which would be the cheaper metal with which to pay debts, and it would flow out in an unbroken stream until the commercial value of the two metals changed. No one would part with gold, when undervalued by law, when he could obtain more for it in the markets of Europe.

"Taking the experience of the past as a criterion," says Dr. Linderman, the director of the United States Mint, "it would appear that a double standard cannot be arranged to insure for any considerable period of time the concurrent circulation of

unlimited legal tender gold and silver coins. At best it would prove but an optional standard and tender. The coins of the less valuable metal, whichever it might be, would be used for payment, and expel from circulation those of the more valuable metal. Should the relative value of the coinage be fixed on the assumption that 15 $\frac{1}{2}$ ounces of pure silver are equivalent in value to one ounce of pure gold, when it requires, as at the present time, more than 17 ounces of silver to purchase an ounce of gold, it would in its practical results be the establishment of a silver standard on the basis of an overvaluation and to the *exclusion of gold*, and so continue until, by an appreciation of silver, or depreciation of gold, or by both, the relative value of the two metals in the coinage would be brought to correspond with their commercial valuation."

Nothing can be clearer than this. It is the operation of a trade law which will sweep away, like a cobweb, any legislation which conflicts with it. More than fifty years since, Ricardo wrote in much the same strain. "It appears, then," he says, "that whilst each of the two metals was equally a legal tender for debts of any amount, we were subject to a constant change in the principal standard measure of value. It would sometimes be gold, sometimes silver, depending entirely on the variations in the relative value of the two metals: and at such times the metal which was not the standard would be melted and withdrawn from circulation, as its value would be greater in bullion than in coin."

But we have practical examples in the countries which have tried the double standard. In 1762 gold and silver were both legal tenders in the state of Massachusetts, and as silver was undervalued, it was driven out of circulation, and became very scarce. In 1792 the double standard was adopted by the United States at the relative valuation of 1 to 15. Silver became the real standard, as gold was underrated in the valuation. In 1834 the relative valuation was changed to 1 to 16, and as at

this rate silver was undervalued, it went out of circulation and was exported, gold becoming the only real measure of value. The silver in use as change was of foreign coinage, worn and clipped. The American pieces were sent away as fast as the mint could coin them. From 1834 to 1873, although the double standard was theoretically in full operation, gold was in reality the only standard, because silver, having been undervalued, was driven out of circulation, except in its subsidiary form, at a reduced weight. The principal currency of France in 1849 was mainly of silver, and in 1866 almost wholly of gold, and since 1874 would have changed again almost wholly to silver but for the restricted coinage and the suspension of specie payments.

These examples show conclusively that the double standard has never been a success, but that the consequence of a variation in the commercial value of the two metals is to cause an alternation of the standards, according to the theory of Wolowski.

If the principal nations could unite upon the two metals, at an agreed ratio of value, these alternations would, of course, be much less frequent, but even then it would depend upon the commercial valuation. If, from any reason, it cost more than $15\frac{1}{2}$ or 16 times as much to obtain an ounce of gold as an ounce of silver, one ounce of silver would not be exchanged for one of gold, and gradually the undervalued metal would work out of circulation. It would be worth more in bullion than in coin. There is no escape from this conclusion.

Judge Kelley, in his speech in 1872, seems to concur in this view of the question, for he says: "It is impossible to retain the double standard. The values of gold and silver constantly fluctuate. Hence all experience has shown that you must have one standard coin, which shall be legal tender for all others, and then you may promote your domestic convenience by

having a subsidiary coinage of silver which shall circulate in all parts of your country as legal tender for a limited amount."

Judge Kelley and Senator Jones have both changed their views within a year or two, but we have great faith in the result of a further investigation of the subject, which ought to satisfy these gentlemen of the impracticability of two measures of value, at least without the co-operation of the principal nations of western Europe.

CONCLUSION.

WE have endeavored to prove in preceding chapters, first: That the bi-metallic standard of value is impracticable, unless, according to Cernushi and Wolowski, with the co-operation of the principal commercial nations of western Europe; and, second, that even if it were practicable in an alternative form, it would not be desirable. If we have not made this clear we may, at least, have suggested ideas which, followed up by study and investigation, will lead to conclusions upon the subject similar to those which have been adopted by many of the ablest professional economists of the time. If even this point has been gained in the discussion, the RAILWAY WORLD will have contributed its share toward the development of intelligent and progressive inquiry.

It has never appeared to us necessary, in discussions of this subject of the dual standard, or of a return to the metallic basis, to treat the views of our opponents with levity or discourtesy, nor does it seem wise or politic on the part of the bi-metallists to treat the arguments of the mono-metallists with disdain, or to assume an attitude of hostility toward those who oppose the remonetization of silver, as if the bi-metallists, on the one hand, were the great benefactors of the human race, and the only friends of industrial progress,—while the mono-metallists, on the other, were the enemies of and obstacles to progress,—the especial friends of creditors and capitalists, and the foes of debtors and of the laboring classes. Why should any such feeling exist? Why should the advocates of a perpetual greenback circulation, or of the adoption of the dual standard, indulge in such offensive attacks as may be found in the recent speeches of Messrs. Ewing and Pendleton in Ohio, or

in the letter of our respected fellow-citizen, Henry Carey Baird, to the New York Times?

If it is for the public good that both gold and silver should be used as money, it can be shown by incontrovertible logic, and there can be no substantial objection to the adoption of the dual standard; but if, on the other hand, the proofs against the proposition are overwhelming, the dualists must yield. The subject demands clear, unalloyed reasoning, and neither side in the controversy can be aided, in the long run, by appeals to passion or prejudice. If the student would read the calm, clear, and conclusive reasoning of Hertzka, the eminent professional economist of Vienna, in his *Währung und Handel*, published in 1876, he would obtain an example of argumentative discussion not only worthy of imitation, but challenging admiration in its force, thoroughness, and precision. Three chapters of this great work were translated for the New York Evening Post in February last, by Professor Sumner, of Yale College, under the title of "the Silver Madness," and were properly designated by that accomplished writer as "the ablest contribution to the science of money" which has appeared for many years. Professor Sumner should add to his labors in the cause of sound finance a full translation of the work,—but the timely publication of these chapters has already given strength to the mono-metallists of this country.

Now from the standpoint occupied in these chapters, while trying to do full justice to the advocates of the dual standard, and especially by introducing the arguments of its most prominent advocates, and especially those of the eminent scholar, M. Wolowski, there is no ground for the bi-metallists to stand upon, except in co-operation with other leading nations. If we have not proved this, we are very much mistaken. If we have succeeded, then it is simply a question whether the United States are prepared to venture upon the double standard, against the ideas and opinions of the most distinguished cham-

pions of that school, or whether they will wait for co-operation, and meantime keep in position to avail of the decision which the combined intelligence of the occidental world will finally render upon this great question.

There are no class interests which can possibly be opposed to the remonetization of silver, if it is *pro bono publico* to have such a measure adopted. How is it possible that antagonism to silver should come from the creditor classes, or from capitalists, or from any one who seeks to find the unit of prosperity? Who are to be the gainers by adhering to the single gold standard? Certainly not the property owners, because they would be glad to see values advance. Certainly not the capitalists, who can pay in the same metal they receive. The only portion of humanity which is to be benefitted by the single standard is that class which represents, in skilled labor, the utilized intelligence of one quarter of the civilized world.

To this class, it is important that the medium of value in exchange should be represented by the most rare, the most convenient, and the least fluctuating of commodities. The advocates of the single standard believe that gold combines these necessary qualities more satisfactorily than anything known to the human race. Are they mistaken? Possibly; but this has never yet been demonstrated.

There is a ground of compromise between the advocates of the different standards which may, perhaps, be advantageously adopted. It might be judicious to extend the legal tender privilege to silver to sums of \$20 and under. No great harm could result from such a measure, and, perhaps, great advantages might be derived from it. Would it not be wise on the part of the bi-metallists to accept such a compromise until the time when an international convention can settle the question of standard?

If this proposition is negatived, let the champions of bi-metallism tell us how they can keep the two metals in circulation

together, unless the legal relative valuation constantly corresponds with the commercial valuation. The ideas of Judge West and Senator Mathews, of Ohio, seem to be that, at the outset, we should change the relative legal valuation to correspond with the commercial valuation. Thus we should commence at the present time, with silver at about 54d. per ounce, British standard, or in round numbers at 1 to 17, instead of 1 to 15½ as fixed by the Latin Union, or as 1 to 16 as fixed by the United States. This would do very well at the start; but suppose silver presently rises to 59½d. per ounce, as in 1873, it would then, in commercial value, be as 1 to 15.91, what would then occur? Silver would certainly go out of circulation, because it would be undervalued. The dilemma may be avoided by the compromise we have suggested.

Make silver a legal tender for sums of \$20 and under, until the co-operative intelligence of the first commercial nations of the occidental world has arrived at a satisfactory solution of this great monetary problem, and then, if the interests of the human race seem to demand the use of both gold and silver, the United States can adopt the conclusions of a monetary convention of nationalities which will be wise and, possibly, advantageous. If any other course is pursued, it is certain that we shall be in conflict with scientific principles and with common sense.

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RAILWAY MANAGERS, OFFICERS, AND EMPLOYEES, RAILWAY MECHANICS AND ENGINEERS, RAILWAY STOCK AND BONDHOLDERS, DEALERS IN RAILWAY SUPPLIES, COAL OPERATORS, SHIPPERS, AND DEALERS, and all who wish to obtain *prompt and accurate information* relating to RAILWAYS AND COAL MINES, will find in its weekly contents a large amount of matter of special interest. Its features embrace:—

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